

EXHIBIT E
BOISE COUNTY FINANCIAL POLICY

SUBJECT: SUBSEQUENT YEAR'S EXPENDITURES

PURPOSE: To outline in policy what subsequent year's expenditure is and how it is determined.

BACKGROUND: GASB Statement #54 – Fund Balance Reporting and Governmental Fund Type Definitions issued February 2009. Required initial implementation for Boise County is for the fiscal year ended September 30, 2011, audited financial statements.

DEFINITIONS:

Fund Balance: Fund balance represents the difference between fund assets and fund liabilities. Fund balance is also referred to as net assets. Fund balance is intended to serve as a measure of the financial resources available in a governmental fund.

Assigned Fund Balance: Assigned fund balance is where a limitation results from intended uses either by: 1) highest level of decision-making, 2) body designated for that purpose or 3) official designated for that purpose. This would occur every year by the Board of County Commissioners and/or the Elected Official or Department Head, and done in conjunction with the close of the fiscal year.

Subsequent Year's Expenditure: The amount of fund balance that is needed to support the next year's budget when expenditures exceed revenues and taxes, previously referred to as "carryover".

Estimated Gross Surplus: The estimated fund balance at the end of the current year less the amount needed to pay on a cash basis.

Estimated Available Surplus: The estimated gross surplus less the minimum fund balance required; the net amount of which, will then be considered available to support the subsequent year's budget.

Cash Basis: Due to timing differences between receipt of property tax revenue and disbursement of expenditures; the county's fund balance must provide the necessary cash flow to fund operations up to the first four months of the fiscal year.

Minimum Fund Balance: The amount set aside for unanticipated expenditures and to meet desired reserves (also known as "budget stabilization").

True Book Cash: The daily cash report from the county's financial system that accounts for cash in the bank less outstanding warrants equaling the total 'book' cash available by fund. This is identified as the "Remaining Cash Analysis" report on the CAI accounting system.

SUBSEQUENT YEARS EXPENDITURES:

During the budget process for the subsequent year, departments may request the use of fund balance to support their budget requests where expenditures exceed revenues and taxes. The amount available for use in this instance is the estimated "available" surplus.

Estimated “available” surplus is calculated by taking:

Estimated “gross” surplus: True Book Cash, at December 31st of the previous calendar year, less 100% of remaining expense budget plus a % of the unrealized revenue (% is based on economic factors and may change from year to year).

From estimated “gross” surplus, the cash basis needs are estimated (*see Cash Basis Policy, Exhibit C*) and a minimum fund balance requirement, in the amount of 10% to 30% of the operating revenues for the year just ended, are made (*see Minimum Fund Balance Policy, Exhibit D*), and subtracted. The remaining amount is the estimated “available” surplus which can then be used to support the subsequent year’s budget, if needed.

The request to utilize estimated “available” fund balances where expenditures exceed revenues and taxes, are formalized during the budget process. Per I.C. 31-1604, on or before the first Monday in August, the Clerk submits a balanced budget to the Board of County Commissioners for their consideration and agreement on the tentative budget. I.C. 31-1604 further states, that on or before the third week in August the tentative budget must be published giving details of the tentative budget and advising the public of the public hearing date for the adoption of the final budget. Per I.C. Section 31-1605, the county must adopt a final budget on or before the first Tuesday after the first Monday in September.

At this hearing, the Board of County Commissioners will take comments and upon conclusion of the hearing, legally adopt the budget by a resolution in the official minutes of the Board of County Commissioners.

Due to the fact that the fund balance used to support the budget only covers one year, then lapses, it will be considered “assigned” fund balance in the financial statements.

Please Note: The adopted budget must balance – expenditures must equal the revenue budget plus the use of fund balance plus projected property taxes.